

## ANNEX

of the Commission Decision on the Annual Action Programme 2014 in favour of Rwanda to be financed from the European Development Fund Bridging Facility

### Action Document for Technical Cooperation Facility V

#### 1. IDENTIFICATION

<b>Title/Number</b>	Technical Cooperation Facility V CRIS number: RW/FED/037-657		
<b>Total cost</b>	Total estimated cost: EUR 4 000 000 Total amount of EDF contribution: EUR 4 000 000		
<b>Aid method / Management mode and type of financing</b>	Project Approach Indirect management with Government of Rwanda		
<b>DAC-code</b>	15110	Sector	Economic and development policy/planning

#### 2. RATIONALE AND CONTEXT

##### 2.1. Summary of the action and its objectives

The Technical Cooperation Facility V (TCF V) will provide funding for technical assistance, audits, trainings, studies, conferences and seminars needed for the implementation of the 11<sup>th</sup> EDF National Indicative Programme (NIP) for Rwanda. It is included in the approved 11<sup>th</sup> EDF NIP. Within this context the TCF activities that will be funded are predominantly support activities in the following sectors: sustainable energy, agriculture and food security and accountable governance.

##### 2.2. Context

The TCF traditionally provides support to sector programmes in Energy, Rural Development and Governance as specified in the 11<sup>th</sup> EDF NIP. The TCF V will fund technical assistance, audits, trainings as well as studies, seminars and conferences that will enable a successful implementation of the 11<sup>th</sup> EDF NIP in Rwanda.

##### 2.2.1 Country context

###### 2.2.1.1 Economic and social situation and poverty analysis

While growth has been strong in the recent past, averaging about 8% per year, the Government of Rwanda is targeting a double digit growth rate to achieve middle income status by 2020. Rwanda's economy has also managed uncertainties presented by aid cuts in response to the crisis in eastern Democratic Republic of Congo (DRC) and the weak global economy and achieved growth by 8% in 2013, exceeding the earlier projected target of 7.7%. Rwanda's economy had bounced back in the first half of 2014 due to several factors: higher agricultural production and resumption in government financing. As a result, Rwanda reached 6.8% growth for the first half of Fiscal Year 2014. Expected growth for 2014 is 6% and 7.5% in 2015. Over the medium-term, growth is projected to average about 7.5% per year. This stands against relatively high population pressure, with a population growth rate of 2.7%. Recent growth was boosted by the booming services sector that grew 12% and contributed 45% of the Gross Domestic Product (GDP), agriculture, which added 33% to the GDP even if it only grew by 3%, as well as the industrial sector that grew by 7%, contributing 16% of the GDP. Generally main drivers of economic growth are coffee, tea and minerals production but the export diversification is low and the negative trade balance and Terms of Trade still persists.

### 2.2.1.2 National development policy

**Vision 2020** represents the national long term development aspiration of Rwanda and its main target is to transform Rwanda's economy into a middle income country (per capita income of about USD 900 per year). It consists of five pillars<sup>1</sup> including Infrastructure and Regional Economic Integration, also addressing cross-cutting issues including Gender and Environment. It provides a framework within which the Economic Development and Poverty Reduction Strategy (EDPRS) and all sector Policies have to be developed and implemented to support the achievement of the wider objectives of the Government of Rwanda.

The medium-term strategy for the overall development of Rwanda, the EDPRS entered its second phase namely the EDPRS-2 on 7 February 2012. EDPRS-2 priorities fall under the following five areas:

1. Increasing the domestic interconnectivity of the Rwandan economy through investments in hard and soft infrastructure;
2. Increasing the external connectivity of Rwanda's economy and boosting exports;
3. Transforming the private sector by increasing investment in priority sectors;
4. Transforming the economic geography of Rwanda by facilitating and managing urbanization for increased growth countrywide;
5. Pursuing a 'green economy' approach to economic transformation.

Rwanda has a good level of ownership over its policies but donors are often consulted and included in the formulation process. Most documents in Rwanda and all policies are published and easily accessible.

### 2.2.2. Sector context: policies and challenges

N/A.

## 2.3 Lessons learnt

Previous TCFs have shown that in general terms there has been great demand for studies and audits. This is reflected in the TCF V's proposed budget. In more specific terms, the ongoing implementation of TCF IV has shown that line ministries in Rwanda are increasingly harnessing the TCF as an effective instrument to support sector-wide strategic planning and reviews, as well as the mainstreaming of cross-cuttings such as gender, environmental sustainability, food security human rights and climate change.

## 2.4 Complementary actions

The TCF V is the successor of TCFs I, II, III and IV which supported technical assistance and training needs of the Contracting Authority during the implementation of the 9<sup>th</sup> and 10<sup>th</sup> EDF. The TCF is complementary to all other programmes in the 11<sup>th</sup> EDF NIP.

## 2.5 Donor coordination

The European Union (EU) and its Member States coordinate their development policies as well as their respective aid programmes. The EU proposed *joint planning/programming* to reduce transaction costs and aid fragmentation and promote harmonisation.

The joint exercise included the EU Delegation, European Investment Bank (EIB), six EU Member States (Belgium, France, Germany, the Netherlands, Sweden and the United Kingdom) plus Korea, Japan, Switzerland and the United States. The partners made an *analysis* of the EDPRS-2 and prepared a *response* on the basis of a sectoral approach which will allow the partners to follow the sector and district strategies which have been fully aligned to the priorities and the thematic areas

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<sup>1</sup> Good Governance and capable state, human resource development and a knowledge based economy, A private-led economy, Infrastructure development, Productive and Market Oriented Agriculture, Regional and International Economic Integration.

of the EDPRS-2. Multilateral financing institutions (African Development Bank and World Bank) and the One UN have organised separate joint planning approaches.

In Rwanda, there are coordination mechanisms among donors and the Government of Rwanda through the Development Partners Consultative Group and the Sector Working Groups.

### **3. DETAILED DESCRIPTION**

#### **3.1. Objectives**

The overall project objectives are:

- Contribute to the successful implementation of the 11<sup>th</sup> EDF support to the EDPRS-2 in partnership and coordination with the Government of Rwanda and the donor community;
- Support the joint programming process between EU Delegation and Member States;
- Support any other activity deemed necessary to accompany Rwanda-EU development cooperation relations.

#### **3.2. Expected results and main activities**

The expected results are:

- (i) 11<sup>th</sup> EDF programmes are supported; Identification, formulation and preparation of programmes under the 11<sup>th</sup> EDF is supported in accordance with the overall objectives formulated by the NIP.
- (ii) The National Authorising Officer (NAO) and the technical ministries / agencies are capable of implementing the projects in a satisfactory, time- and cost-effective way.
- (iii) Audits and evaluations of other projects are funded by the TCF V when it is impossible to finance those audits on individual project funds (case of Financing Agreements incorporating a large number of work plans and other secondary commitments).
- (iv) Knowledge of stakeholders and partners of EU strategies and aid delivery methods is improved.

The main activities covered will be the following:

**TAF - Technical Assistance Facility** to hire short and medium-term consultants to contribute to the main stages of project cycle. It is proposed that these services be provided by consultants recruited by the NAO or by the Commission on behalf of the NAO according to EDF procedures.

**TSPP – Training Support for Projects and Programmes.** This activity will finance various training and sensitisation operations before and/or during the implementation of projects. In particular, this will include (a) procedural trainings on EDF implementation procedures for stakeholders such as imprest managers and accountants of work plans and (b) the participation of Rwandan officials at international training events abroad.

**CS – Conferences and Seminars.** This activity will cover (a) workshops, information seminars for Rwandan/ACP officials on priority EDF/ACP matters including regional integration and (b) the participation of Rwandan/ACP officials and non-state actors in international meetings and seminars on development and other related topics organised by the EU and other international organisations.

### **3.3. Risks and assumptions**

It is assumed that the EU will carry on its activities in Rwanda over the implementation period of the TCF V. The main risk is considered to be that the planned activities would not fully meet the Government of Rwanda's priorities in terms of timing and specific content. In order to avoid any such discrepancy and maximise coherence with the TCF's overall objectives respectively, the EU Delegation will ensure a close dialogue during the planning, implementation and dissemination of the results of all TCF-funded activities. This dialogue will not only involve the NAO's office but also each of the involved governmental key stakeholders and beneficiaries.

### **3.4. Cross-cutting issues**

The TCF V is designed to provide support to the implementation of the 11<sup>th</sup> EDF NIP. As such it will have a direct impact on the cross-cutting issues addressed by the NIP: good governance, democracy and human rights, environmental sustainability, gender equality and climate change.

### **3.5. Stakeholders**

Short- to medium-term consultants will contribute to the principal steps of project cycle through the Technical Assistance Facility to ensure efficient implementation of the NIP and other EU programmes aligned to the development strategy of Rwanda in accordance with the objectives of the partnership agreement ACP-EU. Imprest managers and accountants will receive trainings in EDF procedures and/or project cycle management in sectors identified by the NIP. Rwandan/ACP officials and non-state actors will be beneficiaries of conferences and seminars on subjects related to the ACP-EU agreement partnership and EDF administrative and financial procedures or any other EU instruments.

## **4. IMPLEMENTATION ISSUES**

### **4.1. Financing agreement**

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 17 of Annex IV to the Cotonou Agreement.

### **4.2. Indicative operational implementation period**

The indicative operational implementation period of this action, during which the activities described in sections 3.2. and 4.3. will be carried out, is **60** months from the date of entry into force of the financing agreement or, where none is concluded, from the adoption of this Action Document, subject to modifications to be agreed by the responsible authorising officer in the relevant agreements. The relevant Committee shall be informed of the extension of the operational implementation period within one month of that extension being granted.

### **4.3. Implementation components and modules**

#### ***Indirect management with the partner country***

This action with the objective of supporting the implementation of the 11<sup>th</sup> EDF NIP may be implemented in indirect management with the Government of Rwanda (in particular the organisation of the NAO under the EDF) in accordance with Article 58(1)(c)(i) of the Regulation (EU, Euratom) No 966/2012 according to the following modalities.

The Government of Rwanda will act as the contracting authority for the procurement and grant procedures. The Commission will control ex ante all the procurement and grant procedures except in cases where programme estimates are applied, under which the

Commission applies ex ante control for procurement contracts above EUR 50 000 and may apply ex post control for procurement contracts up to EUR 50 000. The Commission will control ex ante the contracting procedures for all grant contracts.

Payments are executed by the Commission except in cases where programmes estimates are applied, under which payments are executed by the partner country for ordinary operating costs, direct labour and contracts up to the ceilings indicated in the table below.

<b>Works</b>	<b>Supplies</b>	<b>Services</b>	<b>Grants</b>
< EUR 300 000	< EUR 300 000	< EUR 300 000	≤ EUR 100 000

The financial contribution partially covers, for an amount of EUR 300 000, the ordinary operating costs incurred under the programme estimates.

In accordance with Article 262(3) of Delegated Regulation (EU) No 1268/2012, the partner country shall apply procurement rules of Chapter 3 of Title IV of Part Two of Regulation (EU, Euratom) No 966/2012. These rules, as well as rules on grant procedures in accordance with Article 193 of Regulation (EU, Euratom) No 966/2012, will be laid down in the financing agreement concluded with the partner country.

#### **4.4. Scope of geographical eligibility for procurement and grants**

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act shall apply.

#### **4.5. Indicative budget**

<b>Module</b>	<b>Amount (EUR)</b>
4.3.1 - Indirect management with the partner country	3 500 000
4.7 - Evaluation and audit	150 000
4.8 - Communication and visibility	200 000
Contingencies	150 000
<b>Totals</b>	<b>4 000 000</b>

#### **4.6. Performance monitoring**

- a. Continuous technical and financial monitoring is the Beneficiary's responsibility. The Beneficiary shall establish a technical and financial monitoring system to the project, which will generate progress reports and safeguard internal control.
- b. The Commission may carry out Results Oriented Monitoring (ROM) via independent consultants, starting from the sixth month of project activities, which will be finalised at the latest 6 months before the end of the operational implementation phase.

#### **4.7. Evaluation and audit**

Audits and evaluations of other projects can be funded under the TCF V in case of several individual projects from different Financing Agreements are being audited under one contract or if there is no allocation available in the other Financing Agreements to conclude the audit and evaluation as required. These audits and evaluations will be contracted under direct management, the EU Delegation being the contracting authority.

#### **4.8. Communication and visibility**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated before the start of implementation and supported with the budget indicated in section 4.5 above.

The measures shall be implemented either (a) by the Commission, and/or (b) by the partner country, contractors, grant beneficiaries and entrusted entities. Appropriate contractual obligations shall be included in, respectively, financing agreements, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.